

RESOLUTION

A RESOLUTION OF THE COUNCIL OF THE CITY OF KNOXVILLE AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF KNOXVILLE TO NEGOTIATE AND ACCEPT FROM EDGEWOOD APTS LLC, OR AN AFFILIATE THEREOF, PAYMENTS IN LIEU OF AD VALOREM TAXES (“PILOT”) WITH RESPECT TO CERTAIN REAL PROPERTY LOCATED AT 2501 EDGEWOOD AVENUE (PARCEL ID: 070IJ001) IN THE CITY OF KNOXVILLE, TENNESSEE AND FINDING THAT SUCH PAYMENTS ARE DEEMED TO BE IN FURTHERANCE OF THE PUBLIC PURPOSES OF THE BOARD AS DEFINED IN TENN. CODE ANN. § 7-53-305.

RESOLUTION NO: _____

REQUESTED BY: Administration

PREPARED BY: _____

APPROVED: _____

APPROVED AS AN EMERGENCY MEASURE: _____

MINUTE BOOK: _____ PAGE _____

WHEREAS, the Council (the “Council”) of the City of Knoxville, Tennessee (the “City”) has met pursuant to proper notice; and

WHEREAS, the City previously authorized the incorporation of The Industrial Development Board of the City of Knoxville (the “Board”) as an industrial development board duly organized and existing under the provisions of Title 53 of Chapter 7, Tennessee Code Annotated; and

WHEREAS, Edgewood APTS LLC, (“Edgewood”), a Tennessee limited liability company, has proposed the acquisition of real property located at 2501 Edgewood Avenue, with parcel ID of 070IJ001, located in the corporate limits of the City (collectively, the “Property”) and the redevelopment of such property as a multifamily housing project for persons of low or moderate income (the “Project”); and

WHEREAS, Edgewood has requested the Board to hold ownership of the Project and lease the same to Edgewood, or its affiliates, under an arrangement whereby Edgewood (or its affiliates) will make payments in lieu of ad valorem taxes; and

WHEREAS, pursuant to the provisions of TENN. CODE ANN. §7-53-305(b), the Board is authorized to negotiate and accept from lessees of the Board payments in lieu of ad valorem taxes

upon the finding that such payments are deemed to be in furtherance of the public purposes of the Board; and

WHEREAS, the undertaking of the Project by Edgewood will result in the redevelopment of the Project as approximately 15 new, affordable housing units for Knoxville residents; and

WHEREAS, the City's staff recommends that all agreements relating to payments in lieu of ad valorem taxes authorized herein be applicable only to real property, not to have a term in excess of ten (10) years after a reasonable construction period not to exceed one (1) year, and that the annual payment in lieu of ad valorem taxes be set to \$346.00 and \$249.00 payable to the City and Knox County, respectively.

NOW THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KNOXVILLE:

SECTION 1: The Council hereby finds that a payment in lieu of ad valorem taxes agreement with Edgewood, or affiliates thereof, is consistent with and in furtherance of the public purposes of the Board under Tenn. Code Ann. § 7-53-305.

SECTION 2:

(1) The Council hereby finds that the negotiations and acceptance by the Board from Edgewood or any affiliate thereof of payments in lieu of ad valorem taxes consistent with this resolution are deemed to be in furtherance of the public purposes of the Board as defined in TENN. CODE ANN. § 7-53-305, and the City hereby delegates to the Board authority to negotiate and accept such payments in lieu of ad valorem taxes from Edgewood or any affiliate thereof.

(2) The Council's delegation herein is subject to each agreement of the Board with Edgewood or any affiliate thereof regarding payments in lieu of ad valorem taxes with respect to all or any portion of the Property having a term of ten (10) years after a reasonable construction period not to exceed one (1) year, and to require annual payments in lieu of ad valorem taxes be made in the amount of \$346.00 and \$249.00, payable to the City and to Knox County, respectively.

(3) The Board's agreement with Edgewood, or its affiliates, concerning payments in lieu of ad valorem taxes shall provide that the project be redeveloped in a manner consistent with comparable new affordable, housing projects on such terms as are determined by City's Director of Urban Design and Development in consultation with Knoxville's Community Development Corporation.

(4) The Board's agreement with Edgewood, or its affiliates, concerning payments in lieu of ad valorem taxes may provide that any ad valorem taxes paid by Edgewood or any affiliate to any taxing jurisdiction with respect to its leasehold interest in the Project shall constitute a credit against the payments in lieu of ad valorem taxes due such taxing jurisdiction.

(5) The Board's agreement with Edgewood, or its affiliates, concerning payments in lieu of ad valorem taxes may contain such administrative provisions not inconsistent with this resolution as the Board deems appropriate.

(6) The City's Director of Urban Design and Development is authorized to consult with the Board and its counsel as to the form of each agreement relating to payments in lieu of taxes authorized hereunder and to approve, in connection with the finalization of such agreements, such terms and requirements as such officer determines to be in the best interest of the City, including more specific terms implementing any conditions provided above and other terms as may be negotiated with Edgewood, or its affiliates, and the Board may rely on the approval of such officer as to any such terms as being consistent with the delegation provided for in this resolution.

(7) The delegation granted to the Board by the City herein shall be effective for two years from the date the Board authorizes the agreement relating to payments in lieu of taxes unless such delegation period is extended by Council; however, the Board may establish a lease commencement deadline on or before the end of such two-year term.

SECTION 3: This Resolution shall take effect from and after its passage, the welfare of the City of Knoxville requiring it.

Presiding Officer of the Council

Recorder